

MONTANA BOARD OF HORSE RACING MEETING
JANUARY 13, 2007 – 10:00 A.M.
IRON HORSE BALLROOM, GREAT NORTHERN HOTEL
HELENA, MT

Unapproved Minutes

ATTENDANCE:

Brenda Koch	Chairman	Bob Brastrup	Vice-chairman
Sue Austin	Board Member	Al Carruthers	Board Members
Jay Clark	Board Member	Mike Tatsey	Board Member
Mary Ogdahl	Board Member	Sam Murfitt	Executive Secretary
Carol Grell Morris	Legal Counsel	Marlys Stark	Administrative Assistant

PUBLIC IN ATTENDANCE:

Martin Eike, Lou Wojciechowski, Pat Blackweasel, Paul Pryor, Tom Williams, Ben Carlson, Jim Kerins

CALLED TO ORDER:

Chairman Koch called the meeting to order at 10:01 a.m.

MINUTES:

Upon motion regularly made and carried, the minutes of the previous meeting were approved and ordered filed with the permanent records of the Board.

BOARD BUSINESS:

Most recently appointed board members Mary Ogdahl and Mike Tatsey were introduced to the Board.

2007 RACE DATE HEARING:

A contested case hearing was opened at 10:05 a.m. on 2007 Race Dates. Testimony was presented and cross-examination conducted of all witnesses. Evidence was presented consisting of applications and financial information from the tracks. Representatives Ben Carlson for Yellowstone Downs and Patrick Blackweasel for Pikuni Racing testified and were available to answer questions regarding their meets. There were no representatives available for Bucking Horse Sale, Montana State Fair, or Western Montana Fair.

The Board discussed the application from Pikuni Racing to open a new race meet near Browning, on the Blackfeet Indian Reservation. At the time of the Date Hearing, there was no Memorandum of Agreement between the Tribal Council and Pikuni Racing or between the Tribal Council and The Board of Horse Racing, State of Montana, which would allow the Board to regulate on the reservation. Patrick Blackweasel explained that the Browning Fair Commission was having a meeting later in January to consider allowing Pikuni Racing use of the track facility. The Tribal Counsel would also meet later to consider whether they would allow the Board on the reservation to regulate a meet. He informed the Board that he felt at this time it was 50/50 that he would receive that Tribal Council approval.

The Board mentioned problems that occurred last year with dates being awarded but tracks considering not running.

Ben Carlson stated that his meet would be willing to pick up a few more days depending on what happened with the other tracks.

Testimony was closed at 10:10 a.m.

Member Austin made a motion the Board approve the Miles City Bucking Horse Sale dates as applied for. Motion was seconded by Member Carruthers and motion carried.

Member Clark made a motion to deny the application of Pikuni Racing at this time, allowing them 30 days to reapply with a Memorandum of Agreement between the tribe and the State in order to allow the Board to regulate the meet. Member Carruthers seconded the motion and motion carried.

Member Clark moved and Member Carruthers seconded that the Board approve the dates for the Montana State Fair as applied for. Motion carried.

Member Carruthers made a motion, seconded by Member Austin to approve the dates as applied for by the Western Montana Fair. Motion passed by a vote of 5 to 1.

Member Austin moved that the Board approve the race date application for Yellowstone Downs. Member Carruthers seconded the motion and motion carried.

2006 UNCLAIMED TICKET MONEY EXPENDITURE APPROVAL:

Each of the tracks has reported the amount of their unclaimed ticket money from 2006 and has submitted a list of capital improvements on which they would like to spend the money.

Member Clark moved that the board approve all expenditures as requested. Motion was seconded by Member Carruthers and motion passed.

2006 MEET RECAPS:

Executive Secretary Murfitt reported that overall the tracks lost money on their meets this year. The Board members received summaries of each track's 2006 meet. The only track representative available to report on their meet was Ben Carlson from Yellowstone Downs. He reported that their meet started off really well but then was rained out for two weekends (5 days). They added another weekend (2 days) to try to make up some of that, but overall things weren't good.

UNAVOIDABLE CANCELLATION DISCUSSIONS:

SB65 CARRYOVER

The Executive Secretary summarized for our new members the background of the SB65 money and what option has been provided in the statutes for use of that money. In the last couple of years there has been several times that a track has had race days cancelled by the stewards due to rain which means they had purse money carryover for those days but still had to pay some of the expenses for those days, for example program costs. The Board was asked to discuss the possibility of allowing some of that carryover to be used to pay for some expenses in order to help the tracks make ends meet.

Dick Forster, representing the Horsemen's Benevolent Protective Association, had written a memo to the Board expressing their objection to the idea of using any purse money to cover track costs. Member Carruthers stated the tracks have to pay operating cost but they also have to keep purses up enough to draw competitors to their track and

that they do everything they can to make ends meet. Member Clark stated there are times when a track gets a rainout day and can't pay the expenses for that day but then has to raise purses for the next year in order to use up the purse carryover and it would be better for the industry if the tracks had the option of using that money for operating costs or for purses.

Member Clark made a motion that if a track has a carryover due to a stewards' cancellation caused by a catastrophic event, they may have the option of using up to 50% of that carryover for operation costs. Member Austin seconded the motion and the motion carried.

Montana breeders group members Tom Williams and Paul Pryor started a discussion on ensuring that a Montana Bred race actually runs every day during a meet. The Board discussed the current rules and statutes which require a Montana Bred race to be written every day of a meet. If the race does not fill, running it with a short field would violate Board rules dictating the amount of horses that have to enter before a race will run. The Board won't make an exception and require a track to lose money by running a race with less than full fields.

LIVE HANDLE PERCENTAGE

Discussion was held regarding the distribution of non-site money. Distribution is based on the total live handle in Montana from the previous year; each track earns a percentage of that handle and therefore receives the same percentage of the non-site monies available. Ben Carlson of Yellowstone Downs stated that when a track loses days due to an unavoidable cancellation they also lose live handle which then affects their purses for the next season. He requested that in those cases the track handle may be increased per cancelled day by the average daily handle earned during the rest of the meet.

Motion by Member Carruthers that in the case of a stewards' cancellation caused by a catastrophic event, the track's live handle amount used to determine non-site percentage for the succeeding year may be increased per day cancelled by the average daily live handle earned during the rest of the meet. Motion was seconded by Member Austin and motion carried.

Ben Carlson then brought up another issue regarding figuring live handle that the Board chose to have put on an agenda for another meeting.

MILES CITY PARIMUTUEL CHANGE REQUEST:

Miles City Bucking Horse Sale had sent in a request for the Board to change Board rules in order to allow pari-mutuel wagering on match bronc rides and wild horse races. Legal counsel Grell Morris informed both the Board and Miles City Bucking Horse Sale that this would require a statute change and if they wanted to pursue the change they would have to present a bill to the Legislature. Miles City Bucking Horse Sale has presented a bill to the 2007 Montana Legislature (LC 2111, HB 333) to authorize parimutuel wagering on match bronc rides and wild horse races. The current bill as written has an immediate effective date but rules would need to be written before this type of parimutuel wagering could be implemented, so this event will not occur during the 2007 race season. The Executive Secretary expressed some concerns regarding the subjective element in the judging.

EPP AND TASK FORCE UPDATES, 2007 LEGISLATION:

The Governor's Office approved one half of the Board's EPP general fund budget request, for a total of \$350,000 for the two year biennium. The Legislative Fiscal Division added a note to the EPP request, which will be presented to the Legislature, which raises some questions on the need for this appropriation to fund a private activity. The Executive Secretary will present the Board budget and this EPP request to the Legislative Budget Committee in January, and will have to try to dispute the LFD's concerns.

The Governor's Task Force on Horse Racing voted to present three bills to the 2007 Montana Legislature relating to horse racing: 1.) parimutuel betting on fantasy sports (LC 0634); 2.) telephone and internet account wagering on simulcast races (LC 2097, HB 390); and 3.) reorganization of the Board to reduce it from seven to five members and move it to Department of Agriculture (LC 2145).

A fourth bill affecting horse racing is Miles City Bucking Horse Sale's bill to authorize parimutuel betting on match bronc riding and wild horse racing (LC 2111, HB 333).

Member Carruthers reminded those involved in trying to put the bills through that the AQHA has said they will support any horse racing bills by sending out a request to their Montana mailing list to contact representatives. Member Carruthers then requested from Ben Carlson, as a Task Force member, something that would show what the money AQHA donated was spent for so he can report on it at the next meeting.

JOCKEY INSURANCE UPDATE:

Information regarding the latest quote any track has received was for \$4,500 per day with a \$5,000 deductible and only \$50,000 in coverage. It is up to track management as to whether to carry insurance or not. In 2006, the Board had authorized the tracks to use \$10,000 of their purse money for the first deductible if they desired. The Executive Secretary recommended that the Board once again allow them to use up to \$10,000 for deductibles if they wished, in two \$5,000 increments.

Member Carruthers made a motion that the tracks be allowed to use SB65 purse money in \$5,000 increments, up to \$10,000, for insurance deductibles. Member Clark seconded the motion and the motion passed.

BREEDER'S BONUS:

The Board had previously requested information on Breeder Bonus payouts. Summaries were presented. Member Brastrup reviewed some statistics, such as the majority of people earned under \$300 and there were many small checks.

STARTERS, ASSISTANT STARTS, VALETS, TAILERS, ETC.:

Member Carruthers moved that this agenda item be tabled for a future agenda due to time constraints and the lack of participants available. Member Clark seconded the motion and motion carried.

NAPRA/ARCI MERGER AND DUES:

The Board received information that the North American Pari-mutuel Regulators Association and Racing Commissioners International have finalized their merger and the databases are completely merged also. The dues have consequently increased but the Board will have better access and information.

OTHER BUSINESS:

No other business was presented.

PUBLIC COMMENT:

In accordance with Mont. Code Ann. § 2-3-103, the meeting was opened for public comment at this time. Chairman Koch read the open forum statement and the public was informed that they could have a short time for comment but that no action could be taken on any issue at this time.

No public comment was presented.

NEW BOARD MEMBER ORIENTATION:

Since four members' terms are expiring, January 20, 2007, the board decided to wait on orientation until all new members were available.

EXECUTIVE SESSION:

At 1:51 p.m. the chairman closed the meeting for an Executive Session. Authorized persons see Executive Session minutes.

At 3:20 p.m. the Board reopened the meeting to the public.

ADJOURNMENT:

The meeting adjourned at 3:21p.m.

Signature

Date